



Michael O. Leavitt
Governor

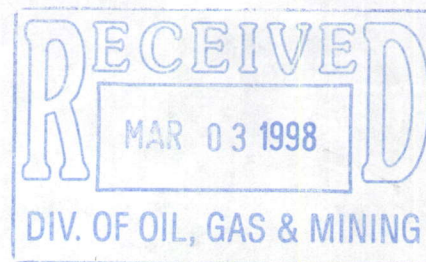
David T. Terry
Director

State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)

S/023/057



March 2, 1998

Sprunger's Minerals
P.O. Box 38054
Leamington, Utah 84638

Re: Notice of Intent to Commence Small Mining Operations, ML-47821, Juab County, Utah
T. 12 S., R. 11 W. Section 16, SW $\frac{1}{4}$ NW $\frac{1}{4}$, DOGM File # S/023/057

Dear Lessee:

This letter is to acknowledge the receipt of your Notice of Intent (NOI) to commence a small mining operations, dated February 9, 1998, on the above referenced leasehold. I have been on vacation since February 12, 1998, and apologize for the delay in reviewing your NOI. Currently the staff of the School and Institutional Trust Lands Administration is reviewing your application to determine if a cultural survey is required - this process normally takes several weeks as a recommendation is required from the Division of State History.

The anticipated work area of approximately one quarter acre ($\frac{1}{4}$ acre), as identified in your NOI, will require a reclamation bond of \$ 1,250. The Trust Lands Administration requires a bond of \$5,000.00 for each acre of surface disturbance. The surety bond must be posted to insure reclamation as well as compliance with all other lease terms. Bonds may be accepted in any of the following forms:

- a) Surety bond with an approved corporate surety registered in the state of Utah.
- b) Cash deposit.
- c) Certificate of deposit in the name of the School and Institutional Trust Lands Administration and Lessee, with three signatures required, two signatures will be those of the Trust Lands Administration and one of the Lessee's. Two signatures will be required to collect on the certificate of deposit. An endorsed certificate of deposit is also acceptable. The certificate of deposit must be issued by an approved state or federally insured banking institution registered in Utah. The certificate must have a maturity date no greater than 12 months, be automatically renewable and be deposited with the Trust Lands Administration.

Sprunger's Minerals

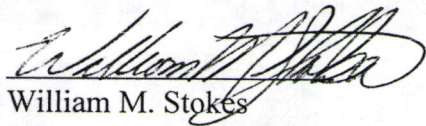
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Once the reclamation bond has been posted and any required cultural surveys have been conducted the Trust Lands Administration will then be able to grant approval to commence with the proposed mining operation.

If you have any questions please feel free to contact me.

Sincerely,



William M. Stokes

Minerals Resource Specialist

Tom Munson DOGM